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NEWS RELEASE

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Doug Merritt Pleads Guilty in Day Trading Investment Program

Investors were told their money would remain on deposit, but would be used to invest. . .

SALT LAKE CITY, Utah – Douglas Wayne Merritt, of Layton, Utah was sentenced today for his conviction of securities fraud. In December 2006, Merritt entered a guilty plea to securities fraud and a plea in abeyance to a count of selling unregistered securities. Three other counts were dismissed as part of the plea agreement.

Merritt was charged in August 2004 with five counts: selling unregistered securities, selling securities without a license, and three counts of securities fraud. According to the criminal pleadings, Merritt solicited money from investors for day trading of securities. Merritt claimed the investor money would be kept in a bank, but used as source collateral. With that money as collateral, traders in New York would leverage the funds to be able to trade securities worth eight times as much as the invested funds. Potential investors were promised a 470% return on the investment.

Merritt said there was no risk to the investment as the deposited money would remain in the bank. Moreover, Merritt said he had a net worth of over \$30 million and had done billions of dollars in deals. He claimed to have two Ph.D degrees. A home, which Merritt claimed had recently sold for \$4.6 million was actually not sold and was in default. While Merritt did tell potential investors about a prior conviction for securities fraud, he did not disclose an earlier theft conviction.

Judge William W. Barrett sentenced Merritt to up to fifteen years on the securities fraud conviction, but suspended the sentence. Merritt was placed on 36 months probation. He is required to pay restitution of \$73,900, at the rate of \$5,000 per month. If he fails to pay full restitution, his probation will be revoked and he will be sent to prison.

The case was prosecuted by Neal Gunnarson of the Utah Attorney General's Office.